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***NEWS From:***

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**Congressman Mike Honda**

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FIFTEENTH DISTRICT - CALIFORNIA

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## **Rep. Honda Encourages Coordinated Effort to Keep Silicon Valley at Forefront of Nanotechnology Boom**

### ***NASA and Rep. Honda Co-Host Nanotechnology Forum at NASA Ames Research Center***

Moffett Field, Calif., August 19, 2003 — Today, Rep. Mike Honda (D – San Jose) and NASA co-hosted the Bay Area Nanotechnology Forum in Silicon Valley. The event drew hundreds of leaders from industry, academia, and government to discuss the growth of the nanotechnology industry, and its impact on the Silicon Valley and world economy.

Rep. Honda is co-sponsor of the Boehlert-Honda Nanotechnology Act of 2003, which authorizes \$2.36 billion over the next three years for nanotechnology research and development programs at the National Science Foundation (NSF), the Department of Energy (DOE), the Department of Commerce, NASA, and the Environmental Protection Agency. The bill has passed the House and is expected to be passed by the Senate and signed by the President in the coming months. The NSF conservatively predicts a \$1 trillion global market for nanotechnology in a little over a decade. Following are excerpts of the speech delivered by Rep. Honda:

Nanotech represents the “next big thing” to come after the great high tech boom that is the basis of our regional economy, and it is important that we do all that we can to ensure that as the field grows, the Bay Area shares in that growth.

Most of my colleagues in Congress had probably never even heard of nanotechnology before May, but I think everyone in this room realizes that it has the potential to be the making of a

revolution because it can be an enabling technology, fundamentally changing the way many items are designed and manufactured. And we've all probably heard (and referenced) the National Science Foundation prediction that the worldwide market for nanotechnology products and services could reach \$1 trillion by 2015.

But you also know that in today's business climate, the demand for short-term returns prevents companies from investing in long-term, high-risk work, which is what advancing nanotechnology will require. The federal government is one of the few investors that can take a long-term view and make the sustained investments that are required to bring the field to maturity.

... I joined with Science Committee Chairman Sherry Boehlert to introduce the Nanotechnology Research and Development Act in February 2003. In keeping with the bipartisan support nanotechnology research has received, we assembled a bipartisan coalition of 10 other Science committee members who joined us, including Rep. Zoe Lofgren. In May the bill passed out of the House by a vote of 405-19.

In a nutshell, our bill authorizes five federal agencies participating in the NNI, the National Science Foundation, the Department of Energy, the National Aeronautics and Space Administration, the Commerce Department's National Institute of Standards and Technology, and the Environmental Protection Agency, to spend up to \$2.4 billion over the next three fiscal years on nanotechnology R&D.

The bill increases the funding for NSF and DOE over the levels recommended by President Bush for Fiscal Year 2004 because it reflects funding increases approved by the House in other bills for NSF and the DOE's Office of Science overall. For the other agencies, funding levels are in line with what the President requested.

... In addition to authorizing funding for nanotechnology R&D programs, our bill makes changes to the organization of the federal nanotechnology R&D effort to introduce more oversight. It improves and formalizes the coordination mechanism between the participating agencies to prevent duplication of efforts and facilitate the sharing of results and expertise amongst a range of researchers.

... Our focus must be widened to include the commercialization of nanotechnology. We must find a way to use nanotechnology to give taxpayers a return on their investment, develop the economy and create quality high paying jobs.

Despite the efforts of their founders and the quality of their technology, many startup companies will not be funded by private equity sources because they cannot bridge the gap from the laboratory to the marketplace. Venture firms must deliver competitive returns to limited partners, which means that a start-up must make reasonable progress in process reproducibility, product quality and product cost before a venture firm will invest, a point many small nanotech firms have not yet reached.

The federal government can help to move ideas out of the laboratory by supporting work addressing commercialization issues such as packaging, integration, and scaling. Existing federal programs such as the Advanced Technology Program (ATP), the Small Business Innovation Research Program (SBIR), and the Small Business Technology Transfer Research Program (STTR) exist to serve this purpose, but funds for these programs have been lacking.

This contrasts greatly to the situation in competing nations in Asia and the European Union, which are particularly attuned to addressing these issues and are even providing support to many U.S. start-ups, which will then send their profits abroad.

... We are now waiting for the Senate to act on its own nanotechnology bill, which differs slightly in its details from the House bill (remember, they have jurisdiction over more agencies). The Commerce, Science, and Transportation Committee has approved the bill, but the Senate as a whole has not yet considered the legislation. President Bush has expressed his support, however, so I expect the bill to come to the Senate floor for approval when we return this fall, a compromise to be worked out, and the bill to be signed by the President.

... One of the reasons for holding this forum is to highlight the possibilities offered by a place like the NASA Research Park. Companies can partner with academic institutions, have access to NASA facilities, and take advantage of the vast expertise such collaborations can offer.

... I think that what we really need to be a leader in nanotechnology is a return to the collaborative, entrepreneurial atmosphere that drove the success of Silicon Valley in its early days. We need to encourage the sharing of ideas and expertise for the benefit of all parties involved. We need to leverage the region's strengths to make it an even more influential player in the field.

To do this, we need to come together and speak with a more coordinated voice to the world beyond the Bay Area. I won't be so presumptuous as to think that such a diverse group of interests can speak with a single voice, but we should certainly be able to identify area of common interest on which many Bay Area players can come together and compete against the efforts of other regions.

... I also hope that each of you will think about the commonalities between your work and what our panelists discuss, and how the Bay Area nanotechnology community can capitalize on those commonalities to present an image of the region that can compete with the unified messages presented by other regions.

Again, I thank you all for being here today and for your interest and great work in the field, and I look forward to working with you in the future.